



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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Minutes of the Finance Committee

January 15, 2025 7:00 p.m.

Room 5 and on Zoom

MEMBERS PRESENT: Sarah Mellish, Chair, Andy Oldeman, Mory Creighton, Tom Parkins, Peter Twining, and Dean Nahatis

MEMBERS ONLINE: N/A

MEMBERS NOT PRESENT: N/A

STAFF PRESENT: Town Administrator, Greg Federspiel, Harbormaster, Bion Pike, Police Chief, Todd Fitzgerald and Police Department Lt. McCoy

SELECT BOARD MEMBER PRESENT:

- **Call to Order** – Ms. Mellish called the Committee meeting to order at 7:01 p.m.
- **FY25 Quarter 2 Report**
 - The Committee agreed to discuss overtime budget with the Police and Fire Chiefs.
 - Mr. Twining inquired about the Essex North Shore Agricultural & Technical School which 75% of the budget has been allocated. Mr. Federspiel indicated that account was paid quarterly.
 - Ms. Mellish noted that the OPEB contribution had not been funded. It is her understanding that OPEB is funded in July in order for the Town to receive extra earnings. Mr. Federspiel stated that he will confirm that expenditure. Ms. Mellish also asked about the \$1M appropriated for the Senior Center. Mr. Federspiel stated that the Purchase and Sale agreement was being negotiated. Additionally, Ms. Mellish stated that the Library had not been awarded the grant, and she would like the allocated money to go into free cash.
 - Mr. Nahatis indicated that the meal tax revenue was down likely due to closing of two restaurants.
 - Mr. Twining asked about investment accounts noting he was aware Mr. Parkins was following up on this. Mr. Parkins stated he was interested in understanding how the Town's money was being invested and would like to better understand the process. Mr. Federspiel will provide the Town's Investment Policy for the Committee. Mr. Creighton added that the Auditors understand and review the Town's investments as part of their annual process.

- Ms. Mellish is interested in establishing a revenue projection formula and asked if Committee members had given that additional thought. Following discussion around a percentage of the previous year it was decided that Ms. Mellish will develop a formula for review and discussion.
- **Review Harbor Department Budget**
 - Ms. Mellish asked why the salary for the Deputy Harbor Master was higher than projected. Mr. Federspiel indicated that was due to negotiations. Ms. Mellish also inquired as to the \$85K salary for FY26. Mr. Federspiel replied the Deputy Harbor Master is now a trained police officer.
 - It was determined that the Launch expenses are separate from the Harbor budget.
 - Mr. Creighton inquired about revenue and expenses noting it appeared the Department was running in the red, although a great asset to the Town. Revenue is \$392K and expenses \$428. In addition to salary additional expenses like pension, health insurance and liability insurance are costs in the Town Hall budget.
 - The Committee discussed the Harbormaster's letter contained in the PDF below. The Harbormaster is recommending selling the 25' Safe Boat and the second launch and replacing them with two Metal Shark Vessels one a 23' and the second a 26'. The 23' Metal Shark would be the Police boat which can be staffed by one person. The 26' Metal Shark boat would be fully equipped for firefighting, towing and rescues is for the Harbor Department. The boats would be funded with NOAA and Coast Guard grants. The cost of the two boats is \$800K Federal grants would pay for 75% of the costs and the sale of the Safe Boat and one of the launches at \$100K would leave a deficit of \$100K. Harbormaster Pike stated that the mission of the Harbor has changed, and it is appropriate to invest in boats that can be driven by one person.

The Police Department's role has changed, and they are responsible for enforcement on the water just like they are in charge of enforcement on Pine St. Ms. Mellish would like the Police Department boat to be managed by the Harbor Department. She asked if the Harbormaster is now a trained police officer why the Police Department is involved. Harbormaster Pike pointed out that no one person can work 7 days a week around the clock. The Police Department is that Department staffed around the clock for the Town. The Deputy Harbormaster with his training can now apply to be a certified Harbormaster and issue civil violations. However, that is a small part of his role as the Harbormaster.

According to Police Chief Fitzgerald, the Deputy Harbormaster will be considered a part time employee of the Police Department with reserve status.

The Town has two patrol boats, two launches and one pump out boat. Harbormaster Pike is proposing selling the aluminum launch and the old Eastern will become the boat for harbor tours. Additionally, keeping that boat will allow for shallow water support.

Mr. Creighton would like to keep Launch expenses separate from Harbor expenses.

The funding for the two new boats would come from the Waterways Fund. Mr. Nahatis and Mr. Creighton asked about the obligations that accompany grant funding. Harbormaster Pike

indicated that shared resources on the coast including Manchester are part of the safety umbrella for Cape Ann. Every community responds when an emergency occurs. Mr. Federspiel added all grant applications are reviewed for stipulations.

Fuel efficiency was also discussed Harbormaster Pike stated the 23' will save on fuel and the Safe Boat has used a lot of fuel this past year. All fuel expenses are allocated to the boat used in records maintained by the Harbormaster.

Ms. Mellish asked that Harbormaster to develop a plan for expected life expectancy and fuel consumption for current and proposed replacement boats. Mr. Creighton would like the Harbor Department to become part of the long-term Capital Plan, Harbormaster Pike agreed.

Harbormaster Pike is requesting a boat storage structure to save the life of the boats. Ms. Mellish asked how many boats would be in the structure. Harbormaster Pike replied all but one. The Committee discussed but reached no conclusion.

Harbormaster Pike stated that docks, oil changes are all managed within the Harbor Department. He added that if the Deputy Harbormaster is hired to replace him the Department will be in great shape for the next 20 years. He added that the Deputy Harbormaster is handier than he is with oil changes and repairs.

New Transient Docks are projected to open summer of 2026. Construction is supported by State and Federal grants with revenue projected at a conservative \$150K. Current transient docks are generating \$36K. The new docks will provide water and electricity which will attract additional boaters. Chief Fitzgerald stated that there have been no complaints with overnight boaters. Harbormaster Pike added there had been one issue with a resident.

Shellfish Study is required by the State and will take place at White and Black Beaches. Harbormaster Capital budget will be reviewed at a later meeting and approved with all Capital budgets.

Mr. Twining asked about the launch pay back schedule. Mr. Federspiel stated that he recalled it was 7 or 8 years with no payback scheduled for the first year. Ms. Mellish requested that line be added to the Launch Service budget. Mr. Federspiel agreed. Ms. Mellish stated that the second-year payback was \$11K – \$8,400 for repayment and \$3K into a reserve fund for replacement of engines.

Ms. Mellish moved to approve the Harbor Department operating budget in the amount of \$313,009. Mr. Creighton seconded the motion. The motion passed unanimously.

Ms. Mellish moved to approve the Harbormaster Launch Service operating budget in the amount of \$62,414.00. Mr. Twining seconded the motion. The motion passed unanimously.



New HM Boats.pdf

- **Review Police Department Budget**

Chief Fitzgerald stated that salaries are high due to the promotions to Lieutenant and Sergeant. Additionally, career incentives have been removed and are now reflected in raises. There is an increase in salaries due to collective bargaining agreements. Additional increase reflects the State requirement for mandatory training which historically was voluntary.

Additional changes reflect the change of 911 to Regional. Chief Fitzgerald also noted that the Police Officer on 1-11F was reaching the ten-year mark and is no longer included in the FY26 Budget.

Overtime is underfunded at \$93K and takes into consideration only contractual overtime not: COLA increases, staff meetings, overnight arrests, weather and community events, long term injuries and maternity leave.

Chief Fitzgerald added the Town still has reserve officers who cover shifts. Current reserve officers are retired and limited to working 200 hours. Those hours require mandatory training, testing and 8 hours of professional development all at a cost to the Department.

17 Full Time officers with 8 hours of mandatory professional development training will equal \$55K, Fourth of July overtime was \$14K and contractual overtime is \$97K. Ms. Mellish confirmed that Mr. Federspiel had added \$12K to the Fourth of July budget for overtime.

Ms. Mellish stated that in the FY26 Budget there is \$120K in overtime. Chief Fitzgerald confirmed that was correct and \$97K is contractual. Contractual overtime is paid time off. The Chief considered an average of \$60.00 an hour for contractual overtime pay.

Last year there were 72 arrests in Town one of the highest years for arrests.

Mr. Creighton asked if an additional officer would eliminate the need for overtime. Chief Fitzgerald stated that 18 officers would eliminate much of the overtime and would be a gold standard.

Mr. Creighton also asked about the loss of officers. Chief Fitzgerald stated that with the reinstatement of the education incentive the Department has not lost officers to communities with the education incentive.

Mr. Twining asked about the “gold standard” of 18 officers and how that would impact overtime. Chief Fitzgerald stated that he has that information in a previously presented Power Point and would be happy to forward to the Committee.

Mr. Federspiel stated that to add a new officer it would cost the Town \$120K and it is worth watching the Police Department overtime. Chief Fitzgerald noted that last year the Department had 3 officers injured and 1 officer on maternity leave. (Maternity leave is 12 weeks.)

Ms. Mellish noted there was a decrease in the line for Officer in Charge. Chief Fitzgerald noted that line decrease is due to the Department adding a fourth Sergeant.

Parking Enforcement is based on 80 days of enforcement. Meters on Beach Street have worked out well. Over 797 tickets were recorded last year many during Parking Bans. Meter parking on Beach St. is reviewed and approved by an Enforcement Officer or Police Chief. Half of the ticket

charge goes to the vendor. The Department is planning on adding additional sites on Central and Union Streets.

Ms. Mellish asked if the Parking Clerk revenue could be added to the Police Department budget.

Mr. Creighton asked if the number of interactions with individuals has increased. The Chief stated there is a new overdose team with Essex Police which adds some to the overtime costs and number of interactions. The Chief stated that domestic incidents occur most often during the holidays.

Mr. Nahatis asked about the Police Department garage and keeping the cars dry from flooding. Chief Fitzgerald indicated that the garage was built for 6 cars but holds 4 cars while 2 cars are usually on patrol. Chief Fitzgerald stated that during the threat of flooding the cars are moved to the Water Treatment Plant.

Police Salaries Budget

Mr. Oldeman moved to approve the Police Department Salaries Budget of \$2,020,248. Mr. Nahatis seconded the motion. The motion passed unanimously.

Mr. Oldeman moved to approve the Police Department Expenses of \$115,500.00. Mr. Creighton seconded the motion. The motion passed unanimously.

Mr. Oldeman moved to approve the Animal Control Officer of \$16,315, Mr. Creighton seconded the motion. The motion passed unanimously.

The Committee briefly discussed the Capital Budget and will continue the discussion with all Capital budgets.

- **Update Town Administrator**

Mr. Federspiel stated that he would work with the Treasurer to review investment income and projections for FY26.

- **Approve Meeting Minutes**

Mr. Twining moved to approve the meeting minutes of January 8, 2025; Mr. Oldeman seconded the motion. The motion passed unanimously.

- **Define Schedule for FY26 Budget Review**

January 23, 2025 – DPW

January 29, 2025 – Library and Town

February 5, 2025 – Fire

February 12, 2025 – MERSD

February 19, 2025 –CPC and complete Town

February 27, 2025 – Capital and discuss capital with departments during review of Operating Budgets.

March 5, 2025 – Auditor’s report and OPEB

Remaining March and April meetings are scheduled and will take place as needed.

- **Adjourn**

Mr. Twining moved to adjourn the meeting; Mr. Creighton seconded the motion. The motion passed unanimously.